BRITISH COLUMBIA
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BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 10-17 April 30th, 2010

- **Economy shrinks 2.3% in 2009, as goods sector slumps while service industries stall**
- **Room revenues up 3.3% in January**
- **Number of youth in custody falls in 2008/09**

2009 in Review

- **British Columbia's economy shrank 2.3% during 2009 as the province, along with most other parts of the country, felt the effects of a global recession.** Output in the goods-producing industries fell for the third year in a row, shrinking 9.2%. The service sector, which normally helps keep the economy on an upward path, stalled (+0.1%).

  The weakness in the goods sector was widespread, with all of the major goods producing industries losing ground. GDP in manufacturing slumped (-14.5%) for a second straight year, largely because of an ongoing decline in the forest products industries. Wood manufacturers (-18.4%) were hard hit, shrinking nearly 20% for a second year in a row, while the paper industry (-16.0%) contracted for a fourth straight year. With less manufacturing activity in the forest sector, primary forestry and logging activities pulled back 18.8%. The mining industry shrank 10.9% and oil and gas extraction activities were down 4.2%. A long-run boom in the construction industry came to a halt (-5.3%) in 2009 as residential construction activity plunged (-15.3%).

  In the service sector, retail (-2.6%), wholesale (-8.7%), and transportation & warehousing (-5.7%) lost ground, as did many other key industries. Finance, insurance, real estate & renting, which generates nearly a quarter of the province's GDP, bucked the trend, expanding 3.4%. Education (+1.8%), arts, entertainment & recreation (+3.0%), health care & social assistance (+3.0%) and public administration (+2.6%) were the only other industries that did not shrink during 2009.

  Data Source: Statistics Canada

- **Canada's gross domestic product (GDP) at basic prices fell 2.9% in 2009.** The driving forces at the national level were similar to those in BC as weakness in the goods industries (-10.3%), combined with a sluggish service sector (-0.2%) kept the lid on economic growth. All provinces and territories except PEI (+0.6%) and Yukon (+1.4%) saw economic output shrink. The last time there was such widespread weakness in the economy was 1991, but that recession did not hit all parts of the economy as hard as last year's. In 1991, BC, together with Alberta, Saskatchewan, and Newfoundland all posted marginal increases while Ontario, Quebec and Manitoba bore the brunt of the downturn. *Data Source: Statistics Canada*

The Economy

- **Room revenues in the province increased 3.3% (*seasonally adjusted*) in January, as Mainland/Southwest (+5.5%) and Thompson/Okanagan (+6.5%) saw business pick up following a slowdown in December.** North Coast (+4.1%) and Cariboo (+4.0%) also had a good month. However, business remained slow in Vancouver Island/Coast (-1.9%).

  Preliminary estimates for February suggest that revenues at accommodation properties in Mainland/Southwest more than doubled (+141%) during the Olympic month.

  Data Source: BC Stats

- **Sales at food service and drinking places in the province increased (+6.8%, seasonally adjusted) for a third straight month in February.** BC, which hosted the 2010 Olympics in

Report **Stormy Weather: BC Exports in 2009's Economy**

Did you know...

Over half of Canadians (57%) admit to not getting enough fruit in their diet, but only 41% feel guilty about it. *Source: Ipsos Canada*

that month, was the only province to see a notable gain. Sales in most other provinces were weak in February, and Canadian sales inched up just 0.3%. *Data Source: Statistics Canada*

Youth Custody

- **In 2008/09 the number of BC youth sentenced to secure and open custody dropped 12.4% (to 325) over 2007/08.** The sentenced custody rate (number in custody per 10,000 youth) fell from 11 to 10 during the same period. Among the provinces, BC had the lowest custody rates in the country, followed closely by Ontario (12), while the ratio was highest in Saskatchewan (46). The national average for the jurisdictions reporting youth custody statistics was 16. The probation rate for BC youth (44) was also below the national average (68).

  The incarceration rate (number of youth in custody on an average day in relation to the number in the population) in BC was also the lowest in the country (tied with Quebec), at 4 young offenders for every 10,000 youth. Conversely, Saskatchewan and Manitoba (each 26) had the highest youth incarceration rates of the provinces.

  Violations against the person, including offenses such as sexual assault, robbery, and kidnapping, accounted for over a quarter (27%) of sentenced admissions to secure and open custody in BC during 2008/09. A further 19% were property offences while the remainder was comprised of other criminal code offences such as mischief, failure to appear, disorderly conduct and drug-related violations.

  Nationally, on any given day in 2008/2009, there were 15 male youth incarcerated for every 10,000 in the general population. This is seven times higher than the incarceration rate of female youth (2 for every 10,000).

  Data Source: Statistics Canada Cat. # 85-002-XIE

- **In 2008/2009, Aboriginal youth accounted for 45% of young people admitted to remand in BC, 44% of those admitted to sentenced custody, and 34% of youth admitted to probation.** These rates are particularly significant, since according to the 2006 Census, just eight percent of all youth 12 to 17 years old in the province self-identified as Aboriginal.

  The Aboriginal population is younger than the non-Aboriginal population, and being young has been identified as one of the strongest risk factors for delinquent or criminal behaviour. Almost half (48%) of the Aboriginal population consists of children and youth aged 24 or younger, compared to 31% of the non-Aboriginal population.

  Data Source: Statistics Canada Cat. # 85-002-XIE

Pregnancy & Weight Gain

In 2006, 55% of overweight Canadian women gained more than recommended during pregnancy. This compared with 41% of those who were in the normal range before pregnancy and 26% of those who were underweight. Overall, the ratio of who gained in excess of amount suggested by Health Canada declined with age—over half (56%) of mothers between the ages of 15 to 19, compared to about a third (35%) of those aged 35 to 39. Similarly, women giving birth for the first time (47%) were more likely than those who had previously given birth (37%) to gain more than suggested. Other factors such as education and income have also been identified as potential predictors of weight gain during pregnancy. *Data Source: Statistics Canada Cat. # 85-003-XIE*

The Nation

- **The Canadian economy expanded 0.3% (*seasonally adjusted*) in February as the goods sector continued to gain strength (+0.7%).** A 1.2% increase in the output of manufacturing industries was a key reason for the increase, but all goods-producing industries made gains in February. In contrast, the service sector inched ahead just 0.1%.

  Data Source: Statistics Canada

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Exports Issue 10-01

Stormy Weather: BC Exports in 2009's Economy

By Jade Norton

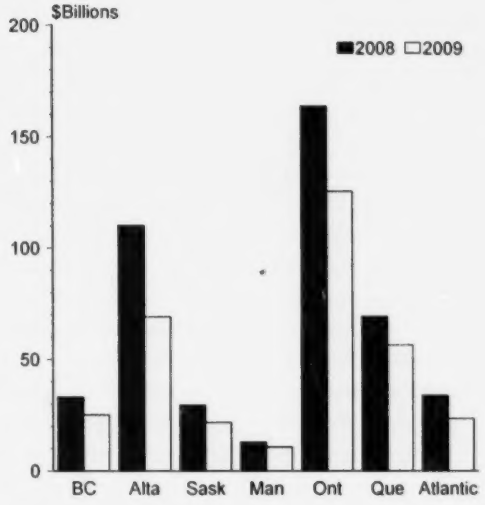
As global economic distress took its toll, 2009 was a challenging year for exporters across the country and British Columbia was by no means exempt. Obstacles included a strong Canadian dollar that hovered at near par with its American counterpart, a slump in demand for forest products and falling prices for coal and natural gas. The global economic crunch was felt across the nation and with its 24.0% decline in the value exports, BC fared better than many other provinces.

Canada's regions see exports depreciate

With the exception of Prince Edward Island, which saw a comparably miniscule decline of 1.8%, every province saw double digit drops in exports last year. Newfoundland and Labrador (-41.8%) and Alberta (-37.1%) were among the hardest hit, with decreases more significant than the Canadian average, which slumped 26.7%.

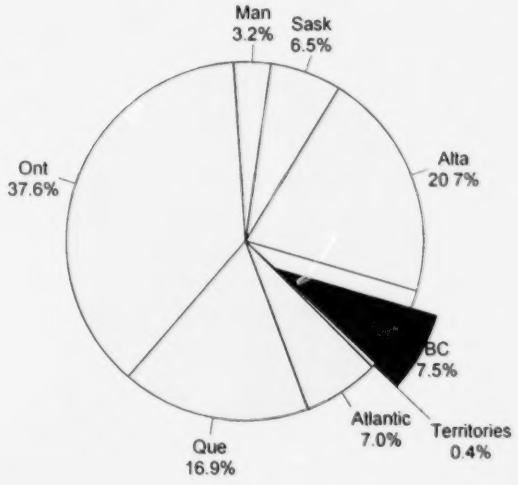
The provincial distribution of shares of overall Canadian exports remained relatively unchanged in 2009. As a source for exports from Canada, British Columbia ranked fourth among the provinces, with just under 8% of goods shipped from the country originating in BC. This was up somewhat from 2008, when BC's share of Canadian exports was slightly over 7%. As the manufacturing centre of Canada, Ontario remained by far the largest source of exports, with over a third (38%) of the nation's goods shipped from that province last year. Alberta, continued to rank second (21%), followed by Quebec (17%).

All regions of the country experienced a drop in the value of exports in 2009



Source: Statistics Canada

BC ranked fourth in the country in terms of the share of Canada's exports in 2009

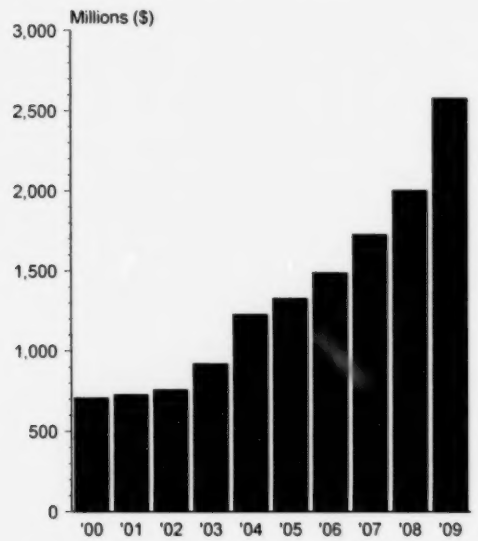


Source: Statistics Canada

China increases imports from BC in 2009

Not surprisingly, exports from BC to most parts of the world dropped off substantially last year. Shipments of goods to the United States were down 26.6%, while exports to other principle trading partners, such as Japan (-31.2%) and South Korea (-15.2%) were also well below 2008 levels. Although the overall export outlook for British Columbia was bleak, one interesting element emerged: a substantial increase in shipments to Mainland China. Between 2008 and 2009, exports of commodities from BC to Mainland China surged 28.7%. This trend has been developing over the past decade. In fact, in 1999, BC exports to China were valued at just $582 million. By 2009, the value of exports had reached $2.6 billion, a le. › of 342.0%. The increase in exports to China, coupled with floundering exports to other destinations, caused China's share of total BC origin exports to jump from 6% to 10% between 2008 and 2009.

BC exports to China have climbed substantially over the past decade



Source: Statistics Canada

In terms of commodities, the escalation in exports to China has, for the most part, been centred on raw materials and 2009 was no exception. Shipments of manufactured goods, such as machinery and equipment (-3.4%) and fabricated metal products (-33.6%), dipped last year, while exports of energy (+321.1%), solid wood (+75.8%) and metallic mineral (+71.6%) products saw significant boosts.

Coal prices have eased over the past year and as such, the soaring value of BC's exports of coal to China (+363.0% in 2009) is the result of a surge in volume shipped rather than being strictly price-driven. Coal accounted for nearly a quarter (22%) of BC origin exports to China last year, compared to just 6% in 2008.

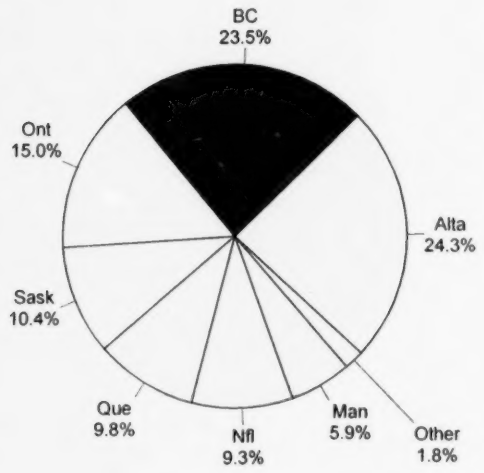
China's heightened demand for coal is likely the result of several contributing factors. Although China has a significant domestic supply of coal, many of its mines were forced to close not only in the wake of the global economic crisis but also as the result of the earthquake in May of 2008, which had a significant impact on the coal production in the Sichuan province, as well as many surrounding regions. Also, in an effort to secure energy supply for future use in expansion, China's reserve of coal surpasses that of its petroleum and natural gas, so coal will likely remain at the centre of the country's energy structure for many years to come.

Solid wood products, particularly softwood lumber, have also benefited from demand from China. In 2009, the value of softwood lumber exports to Mainland China nearly doubled (+77.8% from 2008), pushing it closer to Japan as the top overseas destination for BC lumber. Even with its substantial decline in shipments of softwood lumber last year (-26.1%), Japan still ranks well ahead of China in terms of value of lumber exports from British Columbia ($532 million versus $315 million in 2009).

China's recent strong economic growth, and the ensuing increase in building construction, has undoubtedly affected its demand for wood products. The Chinese government recently tightened domestic logging regulations and have increased reforestation efforts. Such factors may be partly responsible for the increase in appetite for imported wood.

BC is not the only province to have been affected by China's demand for raw materials; it has also triggered export growth for several other provinces. Atlantic Canada saw the most notable growth in shipments to Mainland China last year, particularly New Brunswick (+157.0%) and Newfoundland and Labrador (+110.6%). Interestingly, these provinces were also among the most substantially affected by declining exports to the United States.

BC ranks a close second among the provinces as a source for Canadian exports to China, 2009



Source: Statistics Canada

Shipments of major commodities decline

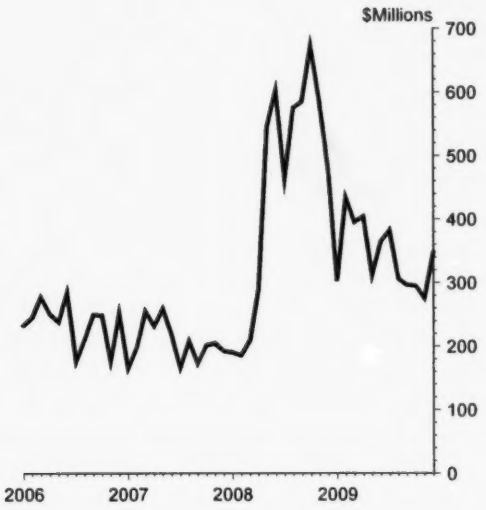
In 2009, British Columbia's exports fell as a result of several factors. The province's exports are heavily concentrated in forest and mineral commodities. Demand for these products tends to be particularly sensitive to the economic cycle, which made for a particularly vulnerable environment when faced with the collapse of global economies last year.

Shipments of total BC commodity exports were pulled down largely by plummeting values for all of the province's largest industries last year. In the midst of the economic downturn, virtually all large commodity groups saw exports decline. Fabricated metal (-31.5%), which saw a surge in 2007 and 2008 when demand from overseas soared, recorded the heftiest decrease, while the value of shipments for machinery and equipment (-19.3%), wood (-23.7%), metallic minerals (-25.0%), pulp and paper (-26.0%) and energy (-29.4%) products also plunged.

The province's energy sector did not fare nearly as well in 2009 as it did in 2008. Losses in this sector were widespread, with electricity, natural gas and coal all recording double-digit drop-offs in international shipments.

Notwithstanding the fact that 2009 resulted in steep downturns all around, when looking back over longer periods, interesting patterns emerge. Partly the result of such high demand from China and despite a slump in the wake of global recession, coal remained the top performer of the major categories of energy products exported from the province in 2009. In 2008, coal replaced softwood lumber as the province's top export, a spot it had held securely for decades. Although down from 2008 ($5.4 billion), at $4.1 billion in 2009, the value of coal exports was still the second highest ever and remained substantially higher than two years earlier.

Coal continues to be BC's top export despite a substantial drop in shipments in 2009



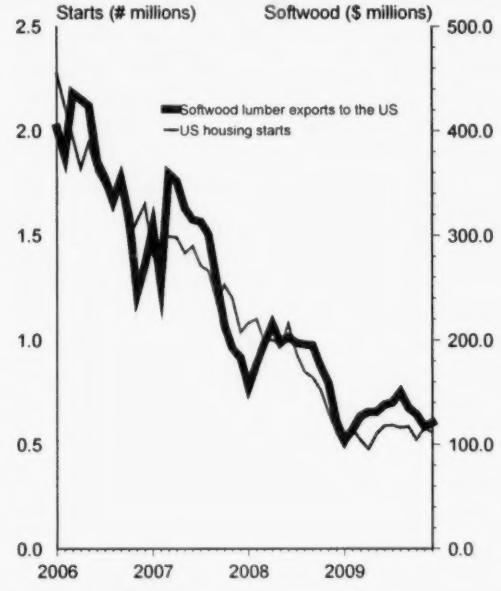
Source: Statistics Canada

The destinations for coal mined in British Columbia have changed significantly in recent years. The volume of coal shipped to Japan has experienced a substantial decline, while exports to Mainland China have soared. In 2009, the value of coal shipped to China was close to five times that of 2008 (+363.0% to $560 million), while shipments to Japan dropped off (-27.8%).

While coal has recently been on the rise as a commodity export, the value of lumber shipments has dropped for the past five consecutive years, such that, at just over $2.7 billion in 2009, the value was less than half what it was just three years prior ($5.8 billion in 2006). Lumber shipments to every destination declined in 2009, with the exception of Mainland China. Shipments of softwood lumber to this country have been rising steadily over the past decade, but it has not been enough to offset declining exports to other parts of the world, particularly south of the border. As a whole, solid wood products, which includes softwood lumber as well as logs and other types of wood products, was a significant driver of the slump in the overall value of BC exports in 2009 (-23.7% from 2008).

The subprime mortgage crisis in the US housing market, and the overbuilding that took place in 2007 and 2008, set the stage for a lull in American housing starts. As a result, a substantial decrease in demand for building products from BC, such as softwood lumber, ensued last year. In 2009, housing starts in the US plummeted 38.7%, on the heels of a similar decrease in 2008.

Declining exports of softwood lumber coincides with slow-down in US housing starts



Source: Statistics Canada

As the US takes in almost two-thirds of BC origin exports, the health of its economy and the quantity of its housing starts inevitably affects the strength of BC exports. The less American manufacturers are producing, the fewer materials they will require. If American consumers continue to cut back on spending, that will also translate into less demand for BC products.

Canadian dollar continues its impact

A factor that inevitably affects spending as well as the value of BC exports is the exchange rate. The value of Canadian exports will also continue to decline if the prices exporters receive do not increase to a level sufficient to offset the effects of an appreciating exchange rate. Last year marked the third year whereby the Canadian dollar hovered at or close to parity with its American counterpart. The American dollar has depreciated significantly against Canadian and many other world currencies in recent years, which usually results in a lower value of exports from Canada. Although the appreciation of the Canadian loonie slowed in 2009 compared to 2008, the closing rate at the end of the year (US $0.95 in December, 2009) was significantly higher than in December of 2008 (US $0.81). From the beginning of 2003 to the end of 2009, the Canadian dollar appreciated approximately 32% against the US dollar.

Looking ahead

Given the size of China's economy, it is inevitable that it will play a significant role in the recovery from the global economic downturn. Nevertheless, the United States remains Canada's largest trading partner, two-way commodity trade (exports plus imports) between Canada and the US far exceeding that of China or any other country.

There are signs that the global economy is beginning to recover from the recession, which could boost demand for commodities from other large players in Canadian and BC exports, such as Japan and the European Union.

Infoline

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also on the Internet at www.bcstats.gov.bc.ca or choose RSS

BC at a glance . . .

POPULATION (thousands)	Jan1/2010	% change on one year ago
BC	4,494.2	1.6
Canada	33,930.8	1.2
GDP and INCOME (Revised Nov 9)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	197,931	3.3
GDP *($ 2002 millions)*	164,520	0.0
GDP *($ 2002 per Capita) (reflects revised pop)*	37,529	-1.7
Personal Disposable Income *($ 2002 per Capita)*	25,931	3.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Feb 2010	2,873	1.1
Merchandise Exports - Feb 2010	2,262	3.3
Retail Sales - Feb 2010	4,844	0.1
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Mar 2010)	one year ago	% change
BC	0.5	-0.2
Vancouver	0.9	0.0
Victoria	0.4	-0.1
Canada	1.4	0.4
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Mar 2010	prev. month
Labour Force - BC	2,485	0.1
Employed - BC	2,290	0.0
Unemployed - BC	195	1.8
		Feb 2010
Unemployment Rate - BC *(percent)*	7.9	7.7
Unemployment Rate - Canada *(percent)*	8.2	8.2
INTEREST RATES (percent)	Apr 28/2010	Apr 29/2009
Prime Business Rate	2.25	2.25
Conventional Mortgages - 1 year	3.80	3.90
- 5 year	6.25	5.25
US-CANADA EXCHANGE RATE	Apr 28/2010	Apr 29/2009
(avg. noon spot rate) Cdn $ per US $	1.0128	1.2008
(closing rate) US $ per Cdn $	0.9913	0.8313
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Mar 2010	one year ago
BC	821.18	3.9
Canada	813.37	2.2

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

BC's Solid Waste Flow, 2006

This report examines the source and composition of solid waste in British Columbia. Three key sectors are measured: industrial, commercial and institutional (IC&I); construction, renovation and demolition (CR&D); and residential.

www.bcstats.gov.bc.ca/data/env/SolidWaste06.pdf

Socio-Economic Profiles

The 2009 Socio-Economic Profiles now available. These profiles consist of charts and tables for a number of geographic overlays of BC. Also included are the special geographies of the Georgia, Fraser, and Columbia Basins.

www.bcstats.gov.bc.ca/data/sep/choose.asp

Provincial Indicator Comparisons

New tables with data by province for a number of economic, demographic, social, labour and income indicators are now available. Data and calculations, as well as a graph displaying a ten-year trend. Accessible as individual PDF files, or downloadable as a single Excel file.

www.bcstats.gov.bc.ca/data/dd/provcomp/ProvComp.asp

BC Student Outcomes Project

Age of Learning English: How Does it Affect Education and Employment? A large percentage of the students in B.C.'s public post-secondary system learned English as an additional language, many as adults. How do these former students rate their education? When they leave post-secondary, are they less likely than others to be employed?

http://outcomes.bcstats.gov.bc.ca/Libraries/DACSO_Papers/Age_of_Learning_English_pdf.sflb.ashx

Released this week by BC Stats

- Current Statistics, April 2010

Next week

- Business Indicators, April 2010
- Tourism Sector Monitor, April 2010
- Labour Force Statistics, April 2010
- Earnings & Employment Trends, April 2010

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